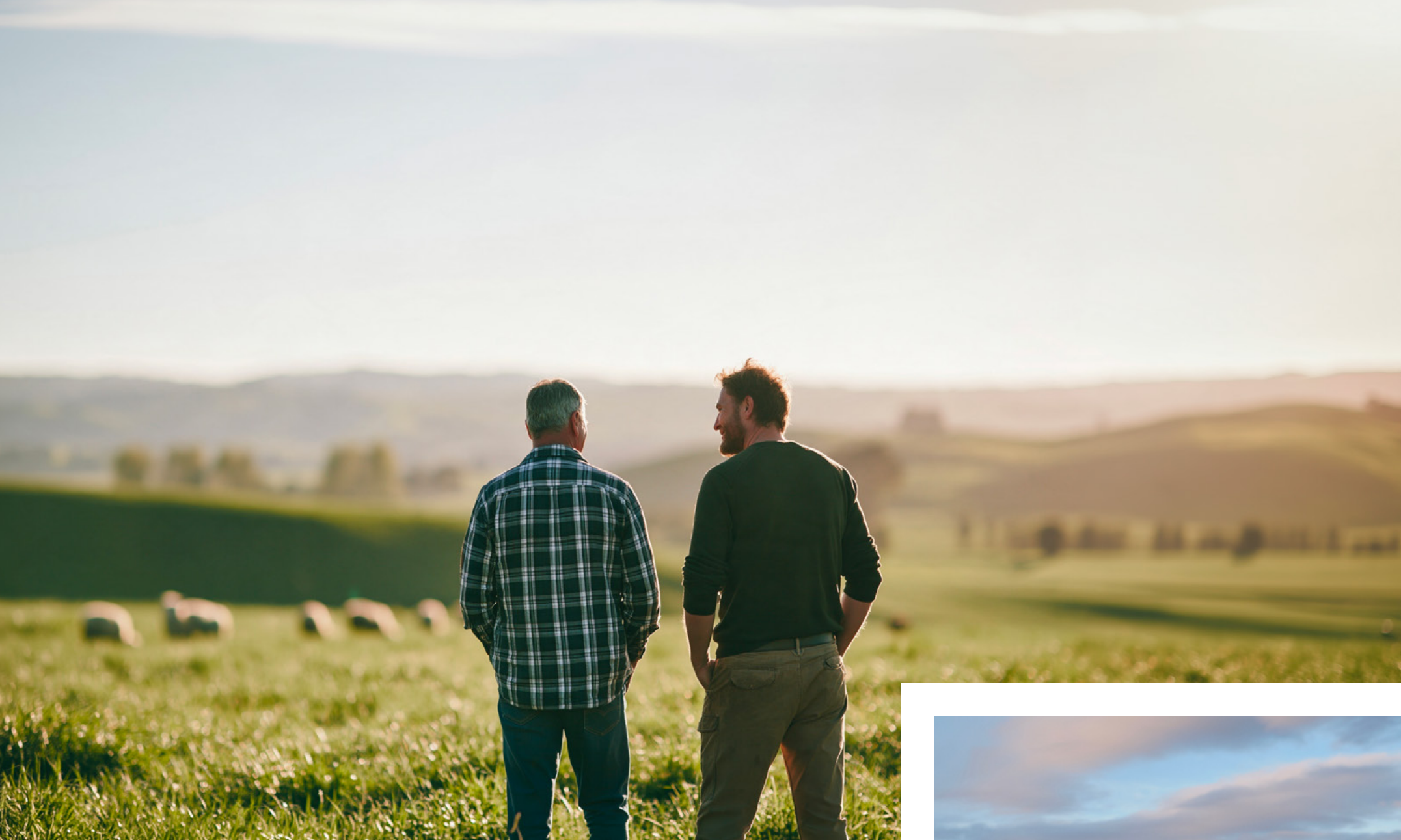




Succession conversations gather pace

Farming families are having succession conversations earlier and with greater confidence, creating more options for future generations and long-term business growth.

Rabobank delivered a massive wake-up call to the food and agriculture sector in mid-2025 when it released its insightful white paper on the looming succession challenge confronting the industry.

Rabobank New Zealand country banking general manager Bruce Weir says when *Changing of the Guard* was released, just one in three of the nation's food and farming families had a formal succession plan in place.

A little over a year on, Weir is pleased with progress, saying the white paper seems to have delivered the jolt that many farming families needed and they are now discussing their succession plans with greater urgency than before.

"Conversations about succession are becoming more normalised, and farming families are much more relaxed and open to discussing it," he says.

"As a bank, we feel the conversations around succession are being considered more as a standard function of business

planning these days, and we encourage them to consider it as an opportunity rather than a challenge."

When the data was collected for *Changing of the Guard* during the first quarter of 2025, more than 17,000 farm and orchard owners were expected to reach 65 years-plus within a decade. Rabobank conservatively estimated there was \$150 billion of farm and orchard assets involved.

"We know values have risen in some areas and sectors since the paper was released, so the value of assets is now likely to be significantly higher," Weir says.

With improving farm profitability, stronger buyer demand and greater access to capital, many families are approaching succession discussions from a position of confidence rather than necessity. However, Bayleys chief operating officer and national director rural Duncan Ross says timing remains one of the most underestimated elements of successful succession planning.

"The succession challenge is real, and consistently underestimated not in intention, but in timing," he says.



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Succession planning is a process not a single point in time.

BRUCE WEIR
RABOBANK NEW ZEALAND
COUNTRY BANKING GENERAL
MANAGER

Rabobank's response to the looming challenge was to deliver a host of workshops led by an external facilitator, specialist farm accountant Lawrence Field. So far, close to 300 families have completed a workshop.

Weir says every succession outcome is unique, and Rabobank's workshops are more about guiding each family through a process to achieve their best result.

A common issue is when families leave any discussion about succession until the senior generation is close to retirement.

"Succession planning is a process not a single point in time," he says.

"We've had a range of people at these workshops including a couple in their thirties, but also some at the other end of their working life who show up in March and think they will have it sorted by June. We also had a father and son openly stating they were 10 years into a three-year plan!"

STRATEGY NOT STRUCTURE

Rather than beginning with a structure such as a trust or company, Weir says families should start by agreeing on the strategy. That means understanding what each family member wants, needs and would like to achieve, then working towards an outcome everyone can live with.

"That conversation should always include non-farming family members, with particular attention to what Mum and Dad want and need from the transition."

Weir says it is common for people to attend a workshop without first having these discussions among all the family members.

The next step is often one of the more challenging stages of the succession plan process when all family members must develop a good appreciation of the profitability, equity levels and the ability or viability of the business to support the required level of borrowings.

"This is because invariably, a successful succession plan usually involves borrowing more money," he says.

"It could be to set up Mum and Dad off the farm, or to buy another farm and we are seeing a lot of succession plans which involve buying more land rather than selling a farm these days."

Higher farm profitability over the past two years and the optimistic outlook means there is often sufficient equity and more confidence for families to consider more scale, either more land or perhaps an off-farm investment like commercial property or a share portfolio.

"Some of the most successful succession outcomes have been where Mum and Dad have already established their own off-farm investment like a share portfolio, so their retirement is largely taken care of."

"At a lot of our workshops we've had family members say, 'if only I'd known the numbers, I would have approached this conversation with a different view'," he says.

Having a good understanding of the financials might open the opportunity to grow the farming business, so family members might be able to choose from a regular income for the future or a lump sum now from the sale of an asset or assets.



Ross says those conversations increasingly extend beyond the farmgate.

“For some families the outcome may be acquiring more land, while for others it could involve reallocating capital into commercial property, residential investments or other growth opportunities. The important thing is understanding all of the available options before decisions are made.”

Weir says the ability to grow a business is often an ingredient of a good succession outcome. He has seen lots of examples where families have a pre-conceived view of the outcome when they arrive at a workshop but leave with a very different plan for the future.

PACE PICKING UP

Weir says succession planning is now moving at a better pace and he is particularly pleased that the message about having courageous conversations early is being acted on by farming families.

“Succession is a process not an event, and when you think about it as a process, then ownership transition can be dealt with gradually over several years so the next generation can adapt over time,” he says.

“That is a marked change from several years ago, when succession conversations were more likely to be prompted by difficult circumstances such as declining health, bereavement or family change.

“Farming has always been intergenerational. Looking at succession through that lens helps families think beyond the immediate transition and consider what their 50-year plan – or even 100-year – plan might look like.

“Our goal is to keep as many farming families connected to the land as possible. We support that by helping them clarify their long-term goals and aspirations, and by connecting them with a broad network of experts who can provide advice and support.”

Experienced lawyer Mark Tavendale is unsurprised by the uptick in succession planning among farming families on the back of improving farm gate returns and a confident outlook.

“For families dealing with succession, it’s important they don’t miss this window of opportunity because things can change quickly,” he says.

The client base of his national legal firm includes a large number of farming families, so he has been involved in advising and assisting with succession for most of his career.

Discovering a solution where



outcomes work for all members of the family is still a difficult process, he says.

“You still have siblings who are asking what they are entitled to, but in today’s world, we’re not talking asset values of say \$2 million anymore. We are likely to be talking about capital wealth which is significantly more than that.

“That adds a layer of complexity for situations where two farming families need to draw an income from the farm,” he says.

He often encounters family members asking for a formula to follow, but says every succession plan is unique.

“There is no blueprint, other than if you don’t communicate openly and you don’t make decisions, then inevitably, you’ll be caught on the crease shuffling around.”



“Most people think there’s going to be a perfect juncture to deal with succession, and there never is.”

MARK TAVENDALE
TAVENDALE + PARTNERS
FOUNDING AND MANAGING
PARTNER

Ross says the increasing scale and value of rural businesses mean succession planning is now often as much a business and investment decision as a family conversation.

“Many farming businesses now have options that simply didn’t exist a generation ago.”

Tavendale says delaying succession rarely makes the process easier, and families should not wait for a perfect opportunity before making decisions.

“Most people think there’s going to be a perfect juncture to deal with succession, and there never is. And, as we know, unexpected stuff happens.”

He is a strong believer in families getting expert advice and support while they develop their succession plan, rather than after an unexpected death or incapacitation.

PLANNING FOR THE PROPERTY CYCLE

Ross says succession planning also needs to account for the property cycle, particularly for families considering an exit within the next three to five years.

Farmers who know they need to exit within that timeframe often extend their plans by another season. While that growth mindset may have served them well, it can also put them on the wrong side of the cycle.

“The vendors who navigate cycles well are not the ones who wait for certainty. They are the ones who understand where they are in the cycle and make a move while conditions are working in their favour.”

Ross says current market conditions are being supported by broad buyer demand, easing interest rates and renewed lender appetite for quality rural assets. However, the available buyer

pool can change quickly as capital is redirected or purchasing criteria tighten.

He says succession outcomes are increasingly extending beyond a simple ownership transition. While some families are acquiring additional land to create scale for the next generation, others are reallocating capital into different sectors and investment opportunities.

In this evolving landscape, Bayleys’ advisory role has never been more important.

“Bayleys is uniquely positioned because we work across rural, lifestyle, commercial, residential and investment property markets. Our connected, full-service platform allows us to help families explore a range of opportunities as they think about the next stage of their business and wealth journey.

“We haven’t lost sight of cycles, succession, or the long-term implications of moving rural assets on. We are able to shift buyers around the country, introduce opportunities in regions they may not have previously considered, and help farming businesses build scale, efficiency and resilience for the future.

“Banks are holding significant deposits and looking to utilise them, and we are also seeing some rural landowners diversify into other asset classes. Bayleys’ nationwide reach enables us to connect families with opportunities they may not otherwise have considered.”

TIMING THE TRANSITION

Weir says having an agreed, clear strategy shared by all family members also means any land sale or purchase decisions are less reliant on timing the top or bottom of the market.

“If the strategy is clear and the time is right to execute it, then do it. Farming is not linear, but over time it has been rewarding, and we know land has traditionally been a strong storer of wealth,” he says.

Tavendale says selling the family farm is sometimes the right choice for farming families to make in a succession plan.

“Some people just don’t want to sell their farm. There’s no way they’re doing it and it works back from there. But for other families, that has been the best decision made to recycle capital and go and do other things with it.

“In some situations, the retiring owners are able to help out their children at an earlier stage to enable them to go and do their own things.”



“The vendors who navigate cycles well are the ones who understand where they are in the cycle and make a move while conditions are working in their favour.”

DUNCAN ROSS
BAYLEYS CHIEF OPERATING
OFFICER AND NATIONAL DIRECTOR
RURAL

On the flipside, Tavendale says for growth-minded families, buying more land is also a popular option to create scale for more family members to remain involved in the farming business.

“You’ve got to be organised about that and you’ve got to know that within your family, that everyone’s on the same page broadly about what you’re trying to achieve.”

He is noticing more growth-minded thinking is emerging where families strive to hold their capital together and look for return on investment, rather than fragment it where family members take a lump sum earlier.

The mentality is shifting for some families to staying together because they can achieve more than as

individuals, he says.

“It’s a case of if we’re going to grow things, we can achieve more if we stick together than if we don’t. I think that’s become a pronounced change in the approach being taken now.”

Tavendale says he has been involved in advising families where, for example, two of four children choose to work together, so they might work out a more immediate exit plan with their parents and their two siblings leave the business in the medium or longer term, but benefit from dividends until they do.

He is also finding more families are open to external capital coming into a farming business in the form of joint ventures or a similar structure. Instead of capital being invested by equity partners just to achieve the exit plan for parents, it is helping grow the business beyond its previous size and capacity.

“I just think there’s a lot more maturity of thinking around that kind of thing now, which is exciting and it shows the sector’s just grown up a bit in that regard or caught up.”

Ross says one of the most encouraging trends is that more families are starting succession conversations earlier, creating more options for future generations.

“The best outcomes happen when families give themselves choices. When succession planning, market timing and long-term goals are considered together, families are in a much stronger position to make decisions that support both the business and the people behind it.”

